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17
18 **UNITED STATES DISTRICT COURT**
19 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

20 DANIEL FRANK, LAKSHMI
21 NAGIREDDI, ERIC YECKLEY,
22 SHERRIE MILES, and HEATHER
YASHAR,

23 on behalf of themselves and all others
24 similarly situated,

25 Plaintiffs,

26 vs.
27
28

Case No.: 8:24-cv-00617-JVS(KESx)

**FIRST AMENDED CLASS ACTION
COMPLAINT**

JURY TRIAL DEMANDED

1 YARDI SYSTEMS, INC., GREYSTAR
2 REAL ESTATE PARTNERS, LLC,
3 LINCOLN PROPERTY COMPANY,
4 ASSET LIVING, FPI MANAGEMENT,
5 RPM LIVING, AVENUE5
6 RESIDENTIAL, 10 FEDERAL
7 COMPANIES, BALACIANO GROUP,
8 RAM PARTNERS, LLC, ESSEX
9 PROPERTY TRUST, INC., WESTERN
10 NATIONAL PROPERTY
11 MANAGEMENT, CONTINENTAL
12 REALTY CORP., WALTON
13 COMMUNITIES, AND A.J.
14 DWOSKIN & ASSOCIATES,

15 Defendants.

16 I. INTRODUCTION

17 1. Plaintiffs Daniel Frank, Lakshmi Nagireddi, Eric Yeckley, Sherrie
18 Miles, and Heather Yashar bring this action against Yardi Systems, Inc. (“Yardi”),
19 Greystar Real Estate Partners, LLC (“Greystar”), Lincoln Property Company
20 (“Lincoln”), Asset Living, FPI Management (“FPI”), RPM Living (“RPM”),
21 Avenue5 Residential (“Avenue5”), 10 Federal Companies (“10 Federal”), Balaciano
22 Group (“Balaciano”), RAM Partners, LLC (“RAM Partners”), Essex Property Trust,
23 Inc. (“Essex”), Western National Property Management (“WNPM”), Continental
24 Realty Corp. (“CRC”), Walton Communities (“Walton”), and A.J. Dwoskin &
25 Associates (“Dwoskin”), (collectively, “Defendants”), under Section 1 of the
26 Sherman Act on behalf of themselves and all others similarly situated.

27 2. Yardi develops property management software for landlords and
28 managers (collectively, “Property Managers”) of Mid-Range and High-End
multifamily real estate units (“Apartments”), as Yardi defines those terms.
Defendants other than Yardi are Property Managers of Apartments.

1 3. The Defendants have conspired to fix the prices of Apartment leases
2 across the nation, which has artificially raised the prices tenants must pay for living
3 space. This is true even when the quality of service the Property Managers offer has
4 decreased. Indeed, Property Managers have raised or maintained Plaintiffs' lease
5 prices as (i) security staff has decreased; (ii) maintenance staff has decreased;
6 (iii) management staff has been moved from individual apartment buildings to a
7 central location from which it has become more difficult and time-consuming to
8 obtain assistance to address property-specific issues; (iv) wait times for maintenance
9 and other services, such as removal of graffiti, have increased; and (v) crime has
10 made living conditions so unsafe that tenants fear leaving their apartments at certain
11 times of the day.

12 4. Yet, the Defendant Property Managers have maintained or increased
13 lease prices for Plaintiffs and remain vigilant in sending threatening emails to
14 Plaintiffs demanding rent payments by the end of the first day on which payments
15 must be made.

16 5. This perverse situation has arisen because Yardi has for more than a
17 decade marketed its platform services based on a public guarantee that Property
18 Managers using the platform join a horizontal conspiracy enabling them to charge
19 their tenants at least 6% above market rates and above the level the Property
20 Managers would have charged had they set prices unilaterally. This Complaint seeks
21 to end that unlawful conspiracy and restore competition to the residential rental
22 market.

23 6. Using its property management software and its aptly named
24 "RENTmaximizer" service,¹ Yardi provides a platform enabling price fixing among
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27 ¹ Perhaps realizing that the name revealed too much, Yardi later changed the name
28 of the service to "Revenue IQ." This Complaint uses "RENTmaximizer" to

1 the Property Managers in apartment markets across the country. Yardi's collusive
2 system comprises three distinct elements: (a) the Property Managers agree with
3 Yardi to convey their competitively sensitive pricing data to Yardi; (b) the Property
4 Managers agree to empower Yardi to use their data to manage the rental pricing for
5 each Property Manager in a particular market; and (c) the Property Managers agree
6 not to compete with each other on price.

7 7. In the first element of the unlawful agreement, the Property Managers
8 give to Yardi granular detail about their rental units. For each one of their apartment
9 units, this data includes the square footage, floor plan, amenities, availability, vacant
10 days, lease term, price, discounts, and notice premium. These are not merely
11 episodic estimations of the Property Managers' rack rates, but real-time data on
12 every detail of each of their apartment units, including price and discounts.

13 8. As part of the first element of the unlawful agreement, the Property
14 Managers agree to obtain and provide to Yardi data about their competitors'
15 apartment units that is similar to the data regarding the Property Managers' own
16 units. As the Property Managers know, Yardi uses the competitors' data in managing
17 the pricing of the Property Managers' leases. Yardi makes this explicit: it builds into
18 RENTmaximizer so-called "surveys" of the Property Managers' competitors' unit
19 details, including pricing data, urging the Property Managers that "to stay
20 competitive in the market you must have a thorough understanding of what your
21 Competitors are offering."

22 9. And whether the price data the Property Managers collect from their
23 competitors is public or fastidiously protected as private makes no difference to the
24 legality of the conduct. What matters is that the Defendants collusively agree to
25 obtain the data for the purposes of empowering Yardi to manage the Property
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27 _____
28 denominate the Yardi service and software at issue whether it was named
RENTmaximizer or Revenue IQ at the time.

1 Managers' Apartment lease pricing and collectively use the data as metrics on which
2 Yardi does so.

3 10. In the second element of the unlawful agreement, the Property
4 Managers agree to let Yardi manage their pricing. With now-perfect knowledge of
5 each particular market, Yardi removes the uncertainty about other Property
6 Managers' pricing decisions that in a competitive market would force Property
7 Managers acting unilaterally to lower prices to obtain a tenant's business. Property
8 Managers instead know that Yardi coordinates pricing of all Property Managers in
9 the relevant market. Yardi makes its collusive pricing a known feature of its service:
10 "You manage your business, we manage your pricing."

11 11. Yardi offers Property Managers pricing "recommendations," which are
12 not idle speculation, but specific rates Yardi calculates are achievable based on its
13 analysis of the Property Managers' and their competitors' data.

14 12. Yardi has admitted that it coordinates the Property Managers' pricing.
15 It proclaims that RENTmaximizer—not each Property Manager individually and
16 unilaterally—"prices new and renewal leases using the balance between real-time
17 inventory, traffic and market conditions."

18 13. The result is predictable: with one entity managing pricing based on
19 perfect knowledge instead of many Property Managers competing against each other
20 armed only with imperfect knowledge, rental prices have increased and discounting
21 has all but disappeared. Indeed, Property Managers boast that once they are a part of
22 the price-fixing scheme they need not worry about discounts or concessions to win
23 tenants. As one Property Manager put it, Yardi "simplifies the process by eliminating
24 rent rate guesswork and traditional sales devices such as concessions and specials;"²
25 in other words, Yardi simplifies the process by eliminating the need to compete.

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27 ² [https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-](https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-Group-Increases-Rent-Revenue-Yardi-RENTmaximizer)
28 [Group-Increases-Rent-Revenue-Yardi-RENTmaximizer.](https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-Group-Increases-Rent-Revenue-Yardi-RENTmaximizer)

1 14. Yardi works hard to provide the Property Managers with ongoing data
2 to explain why its recommendations are achievable. For example, Yardi promises
3 Property Managers that it will provide improved visibility into the market, including
4 “*daily* management reports [that] help [Property Managers] understand pricing
5 changes” (emphasis added).

6 15. Yardi boasts that its managed pricing is so sensitive to current price
7 movements in a particular market, meaning so sensitive to accurate real-time
8 information, that its pricing recommendations are “only valid for the current day
9 (until midnight) not twenty-four (24) hours.”

10 16. This is the key feature of Yardi’s price-fixing scheme: instead of each
11 Property Manager competing for tenants by setting its own rental rates, a single
12 entity—Yardi—manages rates for all its Property Manager customers. This price
13 coordination is antithetical to a competitive market, and illegal.

14 17. The salient point is not whether each Property Manager charges the
15 exact rental price Yardi recommends. Rather, the salient point is that Yardi manages
16 the pricing that the Property Managers impose on their tenants. Whether the Property
17 Managers use the price recommendation they receive from Yardi as the exact rental
18 price they charge, as a data-backed promise that they can charge rental prices in that
19 range, or as the starting point of a negotiation, the effect is the same: the Yardi-
20 powered price coordination is a *per se* violation of Section 1 of the Sherman Act.

21 18. The third element of the unlawful agreement is that by signing on with
22 Yardi, providing their competitively sensitive data, and—finally—imposing on
23 tenants the Yardi-managed lease prices, the Property Managers execute on their
24 promise that they will not compete against each other on price. Instead, Property
25 Managers can rely on Yardi’s system to impose “pricing discipline” on all its
26 Property Managers. As one Property Manager put it, “RENTmaximizer has taken
27 the guesswork out of our rental pricing and lease terms, and boosts pricing
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1 performance through an intelligent system of measurements, fixed factors and
2 discipline.”³

3 19. Yardi admits not only the means by which it enables price fixing but
4 also the results, namely that its collusive system increases the prices Property
5 Managers charge their tenants by at least 6% above the market level and above the
6 level the Property Managers would have charged had they set prices unilaterally.

7 20. The only alternative means to accomplish the same result⁴ would be for
8 all the participating Property Managers to systematically exchange prices among
9 themselves and agree on the exact or approximate prices they will charge. That
10 would be *per se* illegal. And the Yardi price-fixing platform is equally *per se* illegal,
11 as Yardi admits that its system enables Property Managers to increase price above
12 market rates.

13 21. Defendants’ own trade associations acknowledge that arrangements
14 like this are unlawful. The landlord trade association, of which a number of
15 Defendants are members, acknowledges that Property Managers may not lawfully
16 exchange information regarding price, including the components of lease pricing:
17 “Competitors should not discuss sensitive competitive matters, including but not
18 limited to prices, bids, [and] quotes....”⁵

19 22. The National Association of Residential Property Managers, a trade
20 association for property managers of single-family and small residential properties,
21 prohibits its members from discussing pricing in the way that Yardi facilitates: “The
22 _____

23 ³ [https://www.businesswire.com/news/home/20150217005101/en/HNN-](https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer)
24 [Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-](https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer)
25 [RENTmaximizer](https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer).

26 ⁴ There is one other alternative: all the Property Managers could merge becoming a
27 single Property Manager for all rental properties in the United States or in a particular
28 Apartment Market. And while there is, at least for now, no category of *per se* illegal
mergers, there can be no doubt that such a merger would be unlawful.

⁵ <https://www.naahq.org/naa-antitrust-compliance-statement>.

1 Antitrust Laws prohibit ... any joint conduct among competitors that could lessen
2 competition in the marketplace. NARPM®’s membership is composed of
3 competitors; they must refrain from discussing competitively sensitive topics,
4 including those relating to pricing (such as rates, fees, or costs)....”

5 23. In addition, San Francisco’s Board of Supervisers voted unanimously
6 to ban software “programs that enable landlords to indirectly coordinate with one
7 another through the sharing of nonpublic competitively sensitive data ... to
8 artificially inflate rents and vacancy rates for rental housing.” A final vote by the
9 Board will occur on September 3, 2024.

10 24. Yet that is precisely what Yardi empowers the Property Managers to
11 do. The result of Yardi’s illegal enablement of Property Manager price fixing is a
12 windfall for the Defendants and artificially higher prices for individuals and families
13 in cities and suburbs across this country that lease Apartments from Property
14 Managers. Yardi’s conduct is illegal not because Yardi allegedly employs an
15 algorithmic pricing tool. Whether Yardi uses an algorithm or an abacus to calculate
16 its “recommended” lease prices is immaterial. The conduct is illegal because the
17 Yardi services are a platform upon which the Property Managers engage in a
18 horizontal *per se* price fix. This suppresses the price competition that would benefit
19 renters and raises rental prices in each market.

20 25. The allegations in this First Amended Complaint are taken from Yardi’s
21 and the Property Managers’ own statements about the RENTmaximizer service.
22 Each factual allegation quotes from and cites to a specific document in which Yardi
23 or a Property Manager made those statements. Thus, each factual allegation in this
24 First Amended Complaint is based on a binding admission by a Yardi employee or
25 agent or by a Property Manager.
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1 26. Plaintiffs seek to end Yardi's unlawful price-fixing conspiracy and to
2 restore competition to Apartment Markets throughout this country by this action for
3 treble damages and injunctive relief.⁶ Plaintiffs demand a jury trial.⁷

4 **II. THE PARTIES**

5 27. Plaintiff Daniel Frank is a resident of Peachtree Corners, Georgia. He
6 rents an apartment from Defendant RAM Partners, and Defendants' conduct has
7 caused him to pay higher lease prices for his living space.

8 28. Plaintiff Lakshmi Narigeddi is a resident of Oakland, California. He
9 rents an apartment from Defendant Greystar, and Defendants' conduct has caused
10 him to pay higher lease prices for his living space.

11 29. Plaintiff Eric Yeckley is a resident of Los Angeles, California. He rents
12 an apartment from Defendant Essex, and Defendants' conduct has caused him to pay
13 higher lease prices for his living space.

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17 ⁶ The term "Apartment Market" is further defined in paragraphs 103-113, *infra*.

18 ⁷ This is the third federal action against Property Managers and their pricing
19 coordination. Pending in the United States District Court for the Middle District of
20 Tennessee is multi-district litigation against RealPage, Inc. and a different group of
21 property owners and managers. Yardi is not a party in that litigation, which is in
22 discovery following a partial denial of a Rule 12(b)(6) motion to dismiss. The second
23 action is against Yardi and a group of property owners and managers pending in the
24 United States District Court for the Western District of Washington. That action
25 differs from this one in that this action names different Defendants, defines different
26 markets, and does not allege that it is the Defendants' use of algorithmic pricing that
27 violates Section 1 of the Sherman Act. This action alleges that the unlawful price
28 fixing results from an agreement not to compete among, and the sharing of
competitively-sensitive data by, the Property Managers that Yardi then uses to set
the rental prices for Property Managers well above those that would exist in a
competitive market and which the Property Managers then impose on their tenants
either exactly or approximately.

1 30. Plaintiff Sherrie Miles is a resident of Hercules, California. She rents
2 an apartment that until recently was managed by Defendant Greystar, and
3 Defendants' conduct has caused her to pay higher lease prices for her living space.

4 31. Plaintiff Heather Yashar is a resident of San Francisco, California. She
5 rents an apartment from Defendant Essex, and Defendants' conduct has caused her
6 to pay higher lease prices for her living space.

7 32. Yardi is a California corporation headquartered in Goleta, California.
8 Yardi licenses and supplies property management software and services to owners
9 and managers of multifamily residential units.

10 33. Greystar is headquartered in Charleston, South Carolina. Greystar
11 provides apartment management services and is a client of Yardi. Greystar is the
12 largest Property Manager in the United States. Greystar has entered into a contract
13 with Yardi by which it joined with other Yardi client Property Managers to collude
14 on lease pricing by outsourcing their pricing decisions to Yardi rather than setting
15 lease prices independently and in competition with each other. Pursuant to that
16 contract and in its role as a member of the Property Manager cartel Greystar has
17 provided to Yardi its competitively sensitive information and the information of
18 other Property Managers in Apartment Markets in the United States, including, but
19 not limited to, unit prices, lease terms, discounts, and vacancy days. Greystar has
20 done so knowing that Yardi would use that data to set lease prices for Greystar and
21 its competitors in Apartment Markets in which Greystar operates. By providing this
22 data to Yardi and outsourcing pricing decisions to Yardi, Greystar has reduced
23 competition in Apartment Markets and thereby imposed supracompetitive prices on
24 members of the class.

25 34. Lincoln is headquartered in Dallas, Texas. Lincoln provides apartment
26 management services and is a client of Yardi. Lincoln is the second largest Property
27 Manager in the United States. Lincoln has entered into a contract with Yardi by
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1 which it joined with other Yardi client Property Managers to collude on lease pricing
2 by outsourcing their pricing decisions to Yardi rather than setting lease prices
3 independently and in competition with each other. Pursuant to that contract and in
4 its role as a member of the Property Manager cartel Lincoln has provided to Yardi
5 its competitively sensitive information and the information of other Property
6 Managers in Apartment Markets in the United States, including, but not limited to,
7 unit prices, lease terms, discounts, and vacancy days. Lincoln has done so knowing
8 that Yardi would use that data to set lease prices for Lincoln and its competitors in
9 Apartment Markets in which Lincoln operates. By providing this data to Yardi and
10 outsourcing pricing decisions to Yardi, Lincoln has reduced competition in
11 Apartment Markets and thereby imposed supracompetitive prices on members of the
12 class.

13 35. Asset Living is headquartered in Houston, Texas. Asset Living
14 provides apartment management services and is a client of Yardi. Asset Living is the
15 third largest Property Manager in the United States. Asset Living has entered into a
16 contract with Yardi by which it joined with other Yardi client Property Managers to
17 collude on lease pricing by outsourcing their pricing decisions to Yardi rather than
18 setting lease prices independently and in competition with each other. Pursuant to
19 that contract and in its role as a member of the Property Manager cartel Asset Living
20 has provided to Yardi its competitively sensitive information and the information of
21 other Property Managers in Apartment Markets in the United States, including, but
22 not limited to, unit prices, lease terms, discounts, and vacancy days. Asset Living
23 has done so knowing that Yardi would use that data to set lease prices for Asset
24 Living and its competitors in Apartment Markets in which Asset Living operates.
25 By providing this data to Yardi and outsourcing pricing decisions to Yardi, Asset
26 Living has reduced competition in Apartment Markets and thereby imposed
27 supracompetitive prices on members of the class.

1 36. FPI is headquartered in Folsom, California. FPI provides apartment
2 management services and is a client of Yardi. FPI is the fifth largest Property
3 Manager in the United States. FPI has entered into a contract with Yardi by which it
4 joined with other Yardi client Property Managers to collude on lease pricing by
5 outsourcing their pricing decisions to Yardi rather than setting lease prices
6 independently and in competition with each other. Pursuant to that contract and in
7 its role as a member of the Property Manager cartel FPI has provided to Yardi its
8 competitively sensitive information and the information of other Property Managers
9 in Apartment Markets in the United States, including, but not limited to, unit prices,
10 lease terms, discounts, and vacancy days. FPI has done so knowing that Yardi would
11 use that data to set lease prices for FPI and its competitors in Apartment Markets in
12 which FPI operates. By providing this data to Yardi and outsourcing pricing
13 decisions to Yardi, FPI has reduced competition in Apartment Markets and thereby
14 imposed supracompetitive prices on members of the class.

15 37. RPM is headquartered in Austin, Texas. RPM provides apartment
16 management services and is a client of Yardi. RPM is the sixth largest Property
17 Manager in the United States. RPM has entered into a contract with Yardi by which
18 it joined with other Yardi client Property Managers to collude on lease pricing by
19 outsourcing their pricing decisions to Yardi rather than setting lease prices
20 independently and in competition with each other. Pursuant to that contract and in
21 its role as a member of the Property Manager cartel RPM has provided to Yardi its
22 competitively sensitive information and the information of other Property Managers
23 in Apartment Markets in the United States, including, but not limited to, unit prices,
24 lease terms, discounts, and vacancy days. RPM has done so knowing that Yardi
25 would use that data to set lease prices for RPM and its competitors in Apartment
26 Markets in which RPM operates. By providing this data to Yardi and outsourcing
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1 pricing decisions to Yardi, RPM has reduced competition in Apartment Markets and
2 thereby imposed supracompetitive prices on members of the class.

3 38. Avenue5 is headquartered in Seattle, Washington. Avenue5 provides
4 apartment management services and is a client of Yardi. Avenue5 is the tenth largest
5 Property Manager in the United States. Avenue5 has entered into a contract with
6 Yardi by which it joined with other Yardi client Property Managers to collude on
7 lease pricing by outsourcing their pricing decisions to Yardi rather than setting lease
8 prices independently and in competition with each other. Pursuant to that contract
9 and in its role as a member of the Property Manager cartel Avenue5 has provided to
10 Yardi its competitively sensitive information and the information of other Property
11 Managers in Apartment Markets in the United States, including, but not limited to,
12 unit prices, lease terms, discounts, and vacancy days. Avenue5 has done so knowing
13 that Yardi would use that data to set lease prices for Avenue5 and its competitors in
14 Apartment Markets in which Avenue5 operates. By providing this data to Yardi and
15 outsourcing pricing decisions to Yardi, Avenue5 has reduced competition in
16 Apartment Markets and thereby imposed supracompetitive prices on members of the
17 class.

18 39. 10 Federal is headquartered in Raleigh, North Carolina. 10 Federal has
19 provided apartment management services and has been a client of Yardi. 10 Federal
20 entered into a contract with Yardi by which it joined with other Yardi client Property
21 Managers to collude on lease pricing by outsourcing their pricing decisions to Yardi
22 rather than setting lease prices independently and in competition with each other.
23 Pursuant to that contract and in its role as a member of the Property Manager cartel
24 10 Federal provided to Yardi its competitively sensitive information and the
25 information of other Property Managers in Apartment Markets in the United States,
26 including, but not limited to, unit prices, lease terms, discounts, and vacancy days.
27 10 Federal did so knowing that Yardi would use that data to set lease prices for
28

1 Balaciano and its competitors in Apartment Markets in which 10 Federal operated.
2 By providing this data to Yardi and outsourcing pricing decisions to Yardi, 10
3 Federal reduced competition in Apartment Markets and thereby imposed
4 supracompetitive prices on members of the class.

5 40. Balaciano is headquartered in Los Angeles, California. Balaciano
6 provides apartment management services and is a client of Yardi. Balaciano has
7 entered into a contract with Yardi by which it joined with other Yardi client Property
8 Managers to collude on lease pricing by outsourcing their pricing decisions to Yardi
9 rather than setting lease prices independently and in competition with each other.
10 Pursuant to that contract and in its role as a member of the Property Manager cartel
11 Balaciano has provided to Yardi its competitively sensitive information and the
12 information of other Property Managers in Apartment Markets in the United States,
13 including, but not limited to, unit prices, lease terms, discounts, and vacancy days.
14 Balaciano has done so knowing that Yardi would use that data to set lease prices for
15 Balaciano and its competitors in Apartment Markets in which Balaciano operates.
16 By providing this data to Yardi and outsourcing pricing decisions to Yardi,
17 Balaciano has reduced competition in Apartment Markets and thereby imposed
18 supracompetitive prices on members of the class.

19 41. RAM Partners is headquartered in Atlanta, Georgia. RAM Partners
20 provides apartment management services and is a client of Yardi. RAM Partners has
21 entered into a contract with Yardi by which it joined with other Yardi client Property
22 Managers to collude on lease pricing by outsourcing their pricing decisions to Yardi
23 rather than setting lease prices independently and in competition with each other.
24 Pursuant to that contract and in its role as a member of the Property Manager cartel
25 RAM Partners has provided to Yardi its competitively sensitive information and the
26 information of other Property Managers in Apartment Markets in the United States,
27 including, but not limited to, unit prices, lease terms, discounts, and vacancy days.
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1 RAM Partners has done so knowing that Yardi would use that data to set lease prices
2 for RAM Partners and its competitors in Apartment Markets in which RAM Partners
3 operates. By providing this data to Yardi and outsourcing pricing decisions to Yardi,
4 RAM Partners has reduced competition in Apartment Markets and thereby imposed
5 supracompetitive prices on members of the class.

6 42. Essex is headquartered in San Mateo, California. Essex provides
7 apartment management services and is a client of Yardi. Essex has entered into a
8 contract with Yardi by which it joined with other Yardi client Property Managers to
9 collude on lease pricing by outsourcing their pricing decisions to Yardi rather than
10 setting lease prices independently and in competition with each other. Pursuant to
11 that contract and in its role as a member of the Property Manager cartel Essex has
12 provided to Yardi its competitively sensitive information and the information of
13 other Property Managers in Apartment Markets in the United States, including, but
14 not limited to, unit prices, lease terms, discounts, and vacancy days. Essex has done
15 so knowing that Yardi would use that data to set lease prices for Essex and its
16 competitors in Apartment Markets in which Essex operates. By providing this data
17 to Yardi and outsourcing pricing decisions to Yardi, Essex has reduced competition
18 in Apartment Markets and thereby imposed supracompetitive prices on members of
19 the class.

20 43. WNPM is headquartered in Irvine, California. WNPM provides
21 apartment management services and is a client of Yardi. WNPM has entered into a
22 contract with Yardi by which it joined with other Yardi client Property Managers to
23 collude on lease pricing by outsourcing their pricing decisions to Yardi rather than
24 setting lease prices independently and in competition with each other. Pursuant to
25 that contract and in its role as a member of the Property Manager cartel WNPM has
26 provided to Yardi its competitively sensitive information and the information of
27 other Property Managers in Apartment Markets in the United States, including, but
28

1 not limited to, unit prices, lease terms, discounts, and vacancy days. WNPM has
2 done so knowing that Yardi would use that data to set lease prices for WNPM and
3 its competitors in Apartment Markets in which WNPM operates. By providing this
4 data to Yardi and outsourcing pricing decisions to Yardi, WNPM has reduced
5 competition in Apartment Markets and thereby imposed supracompetitive prices on
6 members of the class.

7 44. CRC is headquartered in Baltimore, Maryland. CRC provides
8 apartment management services and is a client of Yardi. CRC has entered into a
9 contract with Yardi by which it joined with other Yardi client Property Managers to
10 collude on lease pricing by outsourcing their pricing decisions to Yardi rather than
11 setting lease prices independently and in competition with each other. Pursuant to
12 that contract and in its role as a member of the Property Manager cartel CRC has
13 provided to Yardi its competitively sensitive information and the information of
14 other Property Managers in Apartment Markets in the United States, including, but
15 not limited to, unit prices, lease terms, discounts, and vacancy days. CRC has done
16 so knowing that Yardi would use that data to set lease prices for CRC and its
17 competitors in Apartment Markets in which CRC operates. By providing this data
18 to Yardi and outsourcing pricing decisions to Yardi, CRC has reduced competition
19 in Apartment Markets and thereby imposed supracompetitive prices on members of
20 the class.

21 45. Walton is headquartered in Atlanta, Georgia. Walton provides
22 apartment management services and is a client of Yardi. Walton has entered into a
23 contract with Yardi by which it joined with other Yardi client Property Managers to
24 collude on lease pricing by outsourcing their pricing decisions to Yardi rather than
25 setting lease prices independently and in competition with each other. Pursuant to
26 that contract and in its role as a member of the Property Manager cartel Walton has
27 provided to Yardi its competitively sensitive information and the information of
28

1 other Property Managers in Apartment Markets in the United States, including, but
2 not limited to, unit prices, lease terms, discounts, and vacancy days. Walton has done
3 so knowing that Yardi would use that data to set lease prices for Walton and its
4 competitors in Apartment Markets in which Walton operates. By providing this data
5 to Yardi and outsourcing pricing decisions to Yardi, Walton has reduced competition
6 in Apartment Markets and thereby imposed supracompetitive prices on members of
7 the class.

8 46. Dwoskin is headquartered in Fairfax, Virginia. Dwoskin provides
9 apartment management services and is a client of Yardi. Dwoskin has entered into a
10 contract with Yardi by which it joined with other Yardi client Property Managers to
11 collude on lease pricing by outsourcing their pricing decisions to Yardi rather than
12 setting lease prices independently and in competition with each other. Pursuant to
13 that contract and in its role as a member of the Property Manager cartel Dwoskin has
14 provided to Yardi its competitively sensitive information and the information of
15 other Property Managers in Apartment Markets in the United States, including, but
16 not limited to, unit prices, lease terms, discounts, and vacancy days. Dwoskin has
17 done so knowing that Yardi would use that data to set lease prices for Dwoskin and
18 its competitors in Apartment Markets in which Dwoskin operates. By providing this
19 data to Yardi and outsourcing pricing decisions to Yardi, Dwoskin has reduced
20 competition in Apartment Markets and thereby imposed supracompetitive prices on
21 members of the class.

22 47. Other persons, firms, and corporations not named as Defendants have
23 participated as co-conspirators with Defendants and have performed acts in
24 furtherance of the conspiracy.
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1 **III. JURISDICTION AND VENUE**

2 48. This Court has subject matter jurisdiction of these claims under 28
3 U.S.C. §§ 1331 and 1337 and Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15
4 and 26.

5 49. This Court has personal jurisdiction over the Defendants under Section
6 12 of the Clayton Act, 15 U.S.C. § 22.

7 50. Defendants' conduct was within the flow of and was intended to and
8 did have a direct and substantial effect on the interstate commerce of the United
9 States, including in this District.

10 51. Venue is proper in this District pursuant to 28 U.S.C. § 1391 and
11 Section 12 of the Clayton Act, 15 U.S.C. § 22, because Yardi is headquartered in this
12 District, a substantial part of the alleged events giving rise to the claims occurred, and
13 a substantial portion of the affected interstate trade and commerce described below
14 was carried out, in this District.

15 **IV. YARDI'S DEVELOPMENT OF RENTMAXIMIZER**

16 52. In a competitive Apartment Market, each Property Manager sets its own
17 rental terms and competes for renters based on price, among other factors. To
18 compete on price each Property Manager offers a combination of various price-
19 related terms including the stated monthly rental price, up-front discounts, and
20 length-of-lease discounts, among other incentives and lease elements.

21 53. Each Property Manager in a competitive market has only imperfect
22 knowledge about its competitors' operational details, including their rental prices.
23 This uncertainty means that each Property Manager prices its units with the fear that
24 its prices may be too high to attract tenants compared to its competitors' prices. The
25 result is lower prices as competing Property Managers vie for tenants.

26 54. That uncertainty-based model is the key to competition and it is how
27 Apartment Markets operated prior to Yardi's strategy to enable collusive pricing
28

1 among Property Managers. Before Yardi, the barriers to Property Manager collusion
2 were formidable: Apartment Markets are local, not national, and demand for
3 Apartments within local markets depends on several factors, including price,
4 location, size, layout, etc.

5 55. Prior to Yardi, property Managers did not have the scale to organize a
6 nationwide price-fixing conspiracy that would raise prices in each Apartment
7 Market. They generally did not operate in every Apartment Market, and they knew
8 that raising price in any one market risked price competition from Property
9 Managers in that Apartment Market as well as in adjacent Apartment Markets. And
10 even in a particular Apartment Market the logistical challenges were formidable:
11 Property Managers would have had to exchange extremely detailed information on
12 each of their units in each of their properties on a daily basis, which would have been
13 nearly impossible as a practical matter as well as dangerously and explicitly illegal.

14 56. Yardi has the structure and the scale to do what the Property Managers
15 could not do themselves—empower a nationwide conspiracy fixing prices in each
16 Apartment Market. Yardi is a national company delivering management software to
17 Property Managers throughout the country who essentially outsource to Yardi many
18 of the back-office services the Property Managers historically had performed
19 themselves. It did not take much imagination for Yardi to transform that business
20 into a national platform for price fixing among Property Managers.

21 57. Beginning in 2011, Yardi expanded its services to include
22 “RENTmaximizer,” a software package it advertises as a “transparent revenue
23 management system.” Using RENTmaximizer, Property Managers give their
24 competitively sensitive information to Yardi, including, but not limited to, unit
25 prices, lease terms, discounts, and vacancy days. Yardi then uses that information to
26 organize market-wide lease pricing that eliminates price competition and maximizes
27 the Property Managers’ revenues. Yardi thus transforms each Property Manager’s
28

1 “imperfect” knowledge of its competitors’ pricing into literally “perfect” knowledge
2 that Yardi uses to set prices.

3 58. RENTmaximizer has three components.

4 59. *First*, Yardi’s agreements require the Property Managers to provide
5 Yardi with their competitively sensitive information on a granular level about each
6 of their Apartment units including rental prices, unit type, and current occupancy
7 status. In addition, the Property Managers complete “surveys” in RENTmaximizer
8 providing the same granular detail about their competitors’ Apartments. The
9 Property Managers do this knowing that Yardi will use their and their competitors’
10 data in pricing the Property Managers’ Apartment leases. Thus, Yardi directs the
11 gathering of the competitors’ data and the Property Managers gather that data for the
12 express purpose of fixing the prices of the Property Managers’ Apartment leases,
13 providing a metric by which Yardi prices those leases.

14 60. *Second*, each Property Manager agrees to allow Yardi to manage the
15 prices for the Property Manager’s Apartment leases. Instead of each Property
16 Manager setting price unilaterally, each Property Manager agrees to let Yardi
17 manage its pricing. The result is collusive pricing based on perfect information about
18 Yardi’s clients’ and their competitors’ offerings, and the collusive setting of prices
19 far above the prices that the Property Managers—armed with only imperfect
20 information—would charge in the same market unilaterally. This is the explicit
21 Yardi guarantee: each Property Manager knows that its leases—and leases of the
22 other Yard-client Property Managers in the same Apartment Market with which it
23 no longer competes thanks to Yardi—are priced higher than the rates the Property
24 Managers would have set had they priced the leases unilaterally in a competitive
25 market.⁸

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28 ⁸ Whether the Property Managers accept the Yardi price as the exact rental price
they charge, as a data-backed promise that they can charge rental prices in that range,

1 61. *Third*, by outsourcing their pricing decisions to a single entity—
2 agreeing to allow Yardi to price their leases—each Property Manager agrees with
3 the other Property Managers not to compete based on price. Indeed, the Property
4 Managers happily have proclaimed that Yardi’s pricing has taken the uncertainty
5 and guesswork—as the Property Managers put it, the “fear factor” that makes for
6 competition, or as we call it “competition”—out of their lease pricing.

7 62. Thus, instead of pricing rental units unilaterally to entice renters, each
8 Property Manager agrees to outsource setting its rental prices to Yardi to maximize
9 rental rates. As Yardi explains in its marketing materials, “You manage your
10 business, we manage your pricing.” Statements like these make clear Yardi’s pivotal
11 role in each Property Manager’s pricing decisions, to “manage” their pricing, not
12 just suggest it.

13 63. What is more, Yardi provides “Revenue Managers”—Yardi
14 personnel—to “help” the Property Managers implement and maintain the prices
15 Yardi sets. Property Managers repeatedly have lauded Yardi’s Revenue Managers
16 as important aides in encouraging, coaching, cajoling—and thus ensuring—that they
17 charge the prices Yardi sets.

18 64. Yardi has a very different pricing incentive compared to the incentive
19 each Property Manager would have acting individually. Rather than lowering prices
20 to meet competition, as each Property Manager would be forced to do in a
21 competitive market, Yardi has the information necessary to maximize the rent of
22 each Apartment, “push[ing] rents without sacrificing occupancy, [by] eliminat[ing]
23 the fear factor of exposure that is a natural concern for property and regional
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27 _____
28 or as the starting point of a negotiation, the effect is the same: the Yardi-powered
price coordination is a *per se* price-fixing violation of Section 1 of the Sherman Act.

1 managers” in a functioning competitive market.⁹ And far from performing this rent
2 maximizing function behind the scenes, Yardi makes the fact and success of its
3 illegal scheme the cornerstone of its marketing.

4 65. Yardi’s coordinated pricing is so effective that it can—and
5 does—*guarantee* each Property Manager that its rental income will increase by 6%
6 or more *over the revenue the Property Manager would have earned had it set its*
7 *own prices in a competitive market*. Yardi can offer that guarantee only because it
8 knows that its agreements with Property Managers replace the competition that
9 would have reduced prices with the collusion that raises prices. Instead of dozens or
10 hundreds of Property Managers competing for renters based on price, a single
11 entity—Yardi—determines the price for all Property Managers. This eliminates all
12 price competition among these Property Managers.

13 66. It is an understatement to say that Defendants have admitted these facts.
14 In numerous press releases, Yardi and the Property Managers have bragged gleefully
15 that the price-fixing scheme had changed the Property Managers’ pricing policies
16 and increased the Property Managers’ rental revenue per Apartment. The Defendants
17 have proudly admitted that by providing Yardi with confidential pricing data and
18 following Yardi’s “recommended” rental prices based on that confidential pricing
19 data collected in the Yardi Database, the Property Managers had increased revenue
20 by at least 6%, eliminated the “uncertainty” and “guesswork” in rental pricing, and
21 brought pricing “stability” to Apartment Markets – all artful ways of saying
22 “eliminating competition and fixing prices.”

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27 ⁹ [https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-](https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-with-Yardi-RENTmaximizer)
28 [Rental-Income-with-Yardi-RENTmaximizer](https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-with-Yardi-RENTmaximizer).

V. DEFENDANTS COLLUDE TO SUPPLEMENT EACH PROPERTY MANAGERS' OWN PRICING DATA WITH COMPETITORS' PRICING DATA FOR THE PURPOSE OF FIXING THE PROPERTY MANAGERS' LEASING PRICES

67. Yardi directs Property Managers to gather information from their competitors and enter that data into a “survey” section of RENTmaximizer. Yardi makes clear that it intends to use this data to price the Property Managers’ leases: “to stay competitive in the market you must have a thorough understanding of what your Competitors are offering.”

68. Among the data the Property Managers collect for Yardi is “rental income, concessions, occupancy and rental rates.”¹⁰

69. In a competitive market, no Property Manager competing for business from prospective tenants would provide this detailed information to competitor Property Managers. That is why Yardi markets this data as a unique collection of information that gives its Property Manager customers an advantage over their competitors: Yardi advertises that its data allows Property Managers to “beat the market” using “pricing based on holistic revenue intelligence that leverages industry benchmarking, your local markets and economic trends.”¹¹

70. Yardi and the Property Managers collect this data so that Yardi can be more accurate when it manages prices for all the Property Managers. Indeed, in RENTmaximizer Yardi characterizes “Comparison Rent”—meaning the rents charged by the Property Managers’ competitors—as one of the “4 Basic Criteria for Price Changes.” The other three are “availability, new leases, [and] traffic.” Yardi defines “Comparison Rent” as “The ratio of your Communities average rent of all your Competitors comparable Unit Groups.”

¹⁰ <https://www.yardi.com/products/yardi-revenue-iq/>.

¹¹ <https://resources.yardi.com/documents/revenue-iq-brochure/>.

1 71. Moreover, RENTmaximizer explicitly includes the average of the
2 “Comparison Rent” in calculating a Property Manager’s leasing prices.

3 72. Yardi tells Property Managers that the combination of the Property
4 Managers’ own proprietary data and the competitors’ data allows a Property
5 Manager to benchmark the pricing Yardi manages against every Property Manager
6 in the Apartment Market: “With this transparent system you will see everything from
7 rental rates and occupancy data to property performance benchmarking (compared
8 to the market, submarket and competition).”¹²

9 73. Yardi promises to compare the Property Manager’s granular, detailed
10 information to that of its competitors “in real time—including every comp and how
11 you compete.”¹³

12 74. Yardi promises that its pricing management will accomplish something
13 no Property Manager could do alone, indeed something that economic theory says
14 cannot be done: “[p]rice leases to optimize [both] revenue *and* occupancy”¹⁴
15 (emphasis added). This is quite a strong testimonial to Defendants’ market power.
16 As Yardi points out, this will “[d]rive revenue with clear, comprehensive metrics
17 leveraging operational components including rental income, concessions, occupancy
18 and rental rates—not just pricing.”¹⁵

19 75. According to Yardi, “[l]eases are priced by the system daily, which
20 allows for fast adjustment to market conditions and changes in your inventory and
21 traffic, while adjusting for cost constraints such as vacancy loss, turnover costs,
22 inventory hold days and lease expiration management.”¹⁶

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25 ¹² <https://resources.yardi.com/documents/elevate-suite-for-multifamily-brochure/>.

26 ¹³ <https://www.yardi.com/products/yardi-revenue-iq/>.

27 ¹⁴ <https://resources.yardi.com/documents/revenue-iq-brochure/>.

28 ¹⁵ <https://www.yardi.com/products/yardi-revenue-iq/>.

¹⁶ *Id.*

1 76. Because the Property Managers know that Yardi pegs the pricing of any
2 particular Property Manager to the pricing of every other Property Manager in the
3 Apartment Market, the result is that each Property Manager “enjoy[s] greater
4 confidence that you are delivering the best possible rental prices.” And there is no
5 ambiguity as to what “best” means: to Defendants, “the best possible rental prices”
6 means the highest possible price—not the most competitive price and certainly not
7 the best price for renters.

8 77. Yardi’s data is so comprehensive that Yardi can generate a near-real-
9 time Unit Pricing Report (“UPR”) at any time for a Property Manager. The UPR
10 recommends pricing for a particular Property Manager based on competitor pricing
11 in an Apartment Market for a specific unit type (*e.g.*, number of bedrooms and
12 bathrooms). Yardi’s recommendations are so sensitive to movements in a particular
13 Apartment Market, that the UPR “is only valid for the current day (until midnight)
14 not twenty-four (24) hours.”

15 78. Yardi has admitted that its data is not merely an accumulation of asking
16 rates for its competitors’ apartments, but “accurate indicators of ... performance”
17 that allow Property Managers to act on the data and increase the rental rates of their
18 own apartments:

19 This data delivers accurate indicators of economic trends and
20 performance and helps you price apartments profitably. When this
21 market-specific data is incorporated with your RENTmaximizer data,
22 you can accurately benchmark performance and factor it into rent
23 projections and calculations which enhances your revenue management
24 strategy and helps boost the performance of individual assets.¹⁷
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28 ¹⁷ <https://resources.yardi.com/documents/elevate-suite-for-multifamily-brochure/>.

**VI. YARDI'S REVENUE MANAGERS HELP TO MANAGE THE
PROPERTY MANAGERS' PRICING**

79. Yardi provides Property Managers with Revenue Managers—Yardi employees that work with Property Managers to coordinate pricing more efficiently. Yardi's description of the role of the Revenue Manager makes this clear:

You manage your business, we manage your pricing. Only Yardi provides you with a dedicated revenue manager with valuable industry experience along with your revenue management software. Your dedicated revenue manager will get to know your business processes, assets and goals to provide superior support and will work with you to maximize your returns. And as a RENTmaximizer client, you'll receive this service and training continuously to promote ongoing success. (emphasis added)¹⁸

80. Thanks to their dedicated Yardi Revenue Managers, Property Managers "[r]ely on a dedicated Yardi expert to help manage pricing."¹⁹ More specifically, the Revenue Managers provide "pricing recommendations *and control pricing at the property level.*"²⁰

81. The Revenue Managers are another mechanism by which Yardi helps perfect price collusion among Property Managers. The Revenue Managers help ensure that Property Managers use Yardi's "recommended" prices and make the price increases stick despite pushback from tenants. For example, Michael Hankin, Chief Operating Officer for Hankin Group, expressed gratitude to the Revenue Managers for their help in increasing Hankin's prices and therefore its revenue: "Thanks to Yardi RENTmaximizer, which works seamlessly with our Yardi ... property management and accounting platform [software], our site managers no longer have to manually figure out competitive rents in their markets. After only 90

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.* (emphasis added).

1 days using Yardi RENTmaximizer, we've seen an effective rent growth of 5%.”²¹
2 Hankin specifically thanked the contribution and analysis from the Revenue
3 Managers: “We really appreciate the support we get from the Yardi
4 RENTmaximizer team—including weekly pricing calls with our dedicated revenue
5 management expert. It's so advantageous to have their analysis and input on how we
6 are pricing our properties relative to our markets and business goals.”²² Hankin
7 referred to the Revenue Managers as his company's “safety net.”²³

8 82. Adam Goldfarb, vice president for Property Manager Manco Abbott
9 admitted that the Revenue Manager “can dig deeper to support our pricing—and that
10 gives our organization and clients great confidence.”²⁴ Ironically, “great confidence”
11 means the belief by the Property Manager that Yardi's price increases will stick
12 despite protests by individual tenants.

13 **VII. YARDI'S PRICE-FIXING SCHEME RAISES RENTAL PRICES**

14 **ABOVE A COMPETITIVE LEVEL**

15 83. Yardi itself has represented to Property Managers that its pricing
16 management allows Property Managers to manage the supply of Apartment space to
17 maximize rental income, which is important in a market with decreasing demand. In
18 a promotional video posted on Facebook, Yardi boasted that RENTmaximizer
19 allowed Property Managers to grow rental income by more than 6% per year “while
20 maintaining or improving occupancy.”²⁵ Yardi represented that its system was able
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23 ²¹ https://media.whatcounts.com/sitestuff_yardi/2015_q2_mf/hankin.html.

24 ²² *Id.*

25 ²³ *Id.*

26 ²⁴ *Manco Abbott Inc. Achieves Rental Growth, Gains Expert Pricing Insight with*
27 *Yardi RENTmaximizer*, Business Wire (Nov. 10, 2015),
<https://www.businesswire.com/news/home/20151110005039/en/>.

28 ²⁵ https://m.facebook.com/story.php?story_fbid=1501017369961971&id=109797229083999.

1 to achieve these improbable results by analyzing “operational data” from competing
2 Property Managers so that the Property Manager could respond quickly to pricing
3 changes at comparable Apartments.

4 84. Property Managers have enthusiastically and publicly lauded Yardi for
5 allowing them to raise rental prices, eliminate discounts, and remove all
6 uncertainty—meaning competition—from the pricing process.

7 85. According to Mike Leja, Yardi administrator for Property Manager
8 Singh Management, “We’ve been using Yardi RENTmaximizer for five months and
9 we’re already experiencing amazing results compared to the properties in our
10 portfolio not yet using the system—our revenue is consistently higher for the Yardi
11 RENTmaximizer properties. After the first month, the Yardi RENTmaximizer
12 properties were performing at 7% higher, and by the fifth month, they reached rental
13 growth of 18.5%.” Leja added, “Even some high-occupancy properties achieved an
14 average 10% occupancy jump using Yardi RENTmaximizer.”²⁶

15 86. In 2016, Caroline Kane, Chief Executive Officer of CKR Property
16 Management in Houston, said that, since implementing RENTmaximizer, “our
17 rental revenue is up 8% year over year.”²⁷ According to the Bureau of Labor
18 Statistics (“BLS”), the inflation rate in 2016 ranged from 0.8% to 2.1%, meaning
19 that Yardi’s system allowed CKR to raise rental prices by more than four times the
20 rate of inflation.

21 87. Similarly, in December 2017, Sam Foster, Chief Executive Officer of
22 Philadelphia-based Property Manager PRG Real Estate, said that since adopting
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25 ²⁶ [https://www.businesswire.com/news/home/20160223005007/en/Singh-](https://www.businesswire.com/news/home/20160223005007/en/Singh-Management-Gains-Revenue-and-Occupancy-Growth-with-Yardi-RENTmaximizer)
26 [Management-Gains-Revenue-and-Occupancy-Growth-with-Yardi-](https://www.businesswire.com/news/home/20160223005007/en/Singh-Management-Gains-Revenue-and-Occupancy-Growth-with-Yardi-RENTmaximizer)
27 [RENTmaximizer.](https://www.businesswire.com/news/home/20160223005007/en/Singh-Management-Gains-Revenue-and-Occupancy-Growth-with-Yardi-RENTmaximizer)

28 ²⁷ [https://www.businesswire.com/news/home/20161027005063/en/CKR-Property-](https://www.businesswire.com/news/home/20161027005063/en/CKR-Property-Management-Grows-Rental-Revenue-Yardi)
[Management-Grows-Rental-Revenue-Yardi.](https://www.businesswire.com/news/home/20161027005063/en/CKR-Property-Management-Grows-Rental-Revenue-Yardi)

1 RENTmaximizer in 2016, PRG's rental income had increased 19%, more than seven
2 times the rate of inflation.²⁸

3 88. Sarah Oglesby-Battle, executive vice president of Property Manager
4 Beztak Companies' management division, admitted that Yardi's system allowed
5 Beztak to "push[] rents without sacrificing occupancy, which gives our staff
6 confidence [and] eliminates the fear factor of exposure that is a natural concern for
7 property and regional managers."²⁹

8 89. Brad Minsley, co-owner of Property Manager 10 Federal, admitted that
9 Yardi's system allowed 10 Federal to raise prices and maintain occupancy rates
10 above its competitors: "Yardi RENTmaximizer allows us to react much more
11 dynamically in our pricing for down-trending markets and still maintain a 94 percent
12 rate of pre-leased units, while our competitors are generally seeing about 70
13 percent." Minsley gushed that because of "Yardi RENTmaximizer we are signing
14 new leases, our renewal rates are sustainable, and we don't have to offer
15 concessions."³⁰

16 90. Philip Nored, owner and managing partner of Property Manager HNN
17 Associates LLC, admitted that Yardi had removed all uncertainty from the pricing
18 process: "RENTmaximizer has taken the guesswork out of our rental pricing and
19 lease terms, and boosts pricing performance through an intelligent system of
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24 ²⁸ <https://www.businesswire.com/news/home/20171214005468/en/PRG-Real-Estate-Sees-Double-Digit-Rent-Growth>.

25 ²⁹ <https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-Yardi-RENTmaximizer>.

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27 ³⁰ <https://www.businesswire.com/news/home/20150727005133/en/10-Federal-Increases-Rental-Income-with-Yardi-RENTmaximizer-Optimizes-Investor-Reporting-with-Yardi-Orion-Business-Intelligence>.

1 measurements, fixed factors and discipline.”³¹ “Guesswork” of course is another
2 term for the uncertainty that drives competitive pricing.

3 91. Yardi bragged that Property Manager Bridge Property Management
4 used RENTmaximizer to increase rental income “9.4% year-over-year same store
5 rental income growth for properties priced with Yardi RENTmaximizer (Q1 and Q2
6 2015 vs. Q1 and Q2 2014).”³² According to BLS, the highest inflation rate in 2014
7 and 2015 was only 2.1%, meaning that RENTmaximizer allowed Bridge Property
8 Management to raise rental prices at more than four times the rate of inflation.
9 According to Terri Downen, Yardi’s senior vice president of sales, Bridge Property
10 Management increased its occupancy rate at the same time it increased price so
11 dramatically,³³ a feat impossible in a competitive market absent market power or
12 illegal price fixing.

13 92. Yardi highlighted the experience of Property Manager DEELS
14 Properties, which had “achieved significant rental income gains using Yardi
15 RENTmaximizer for its apartment communities in Los Angeles.” Yardi admitted
16 that these results were possible only because Yardi’s system allowed DEELS to
17 achieve a level of “transparency” that gave it insight into the pricing and operation
18 details of its competitors. Ms. Downen called this a “true competitive edge.”³⁴ DEELS
19 is now Defendant Balaciano.

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21 _____
22 ³¹ [https://www.businesswire.com/news/home/20150217005101/en/HNN-](https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer)
23 [Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-](https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer)
24 [RENTmaximizer.](https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer)

25 ³² [https://www.businesswire.com/news/home/20150929005288/en/Bridge-](https://www.businesswire.com/news/home/20150929005288/en/Bridge-Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-RENTmaximizer)
26 [Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-](https://www.businesswire.com/news/home/20150929005288/en/Bridge-Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-RENTmaximizer)
27 [RENTmaximizer.](https://www.businesswire.com/news/home/20150929005288/en/Bridge-Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-RENTmaximizer)

28 ³³ *Id.*

³⁴ [https://www.businesswire.com/news/home/20180226005236/en/DEELS-](https://www.businesswire.com/news/home/20180226005236/en/DEELS-Properties-Results-Yardi-RENTmaximizer)
[Properties-Results-Yardi-RENTmaximizer.](https://www.businesswire.com/news/home/20180226005236/en/DEELS-Properties-Results-Yardi-RENTmaximizer)

1 93. Amanda McHugh of the Rockbridge Group, noted that
2 RENTmaximizer allowed her company to “achieve[] an average 48% increase in
3 gross potential rent, even at properties undergoing renovations.” As Yardi admitted,
4 this was because Yardi’s system “take[s] the guesswork [*i.e.*, the force that drives
5 competition] out of pricing.” Ms. McHugh agreed: “Thanks to RENTmaximizer, we
6 have eliminated all concessions and specials. We have even renewed some leases at
7 market rate.” Ms. Downen made this even more explicit: “By automating rental
8 pricing that factors in portfolio and market data, RENTmaximizer not only improves
9 rental income while maintaining occupancy, it simplifies the process by eliminating
10 rent rate guesswork and traditional sales devices such as concessions and specials.”³⁵

11 **VIII. YARDI’S PRICE-FIXING SCHEME ALSO HAS HARMED**

12 **RENTERS IN OTHER LEASE TERMS RELATING TO PRICE**

13 94. The collusion among Yardi and the Property Managers harms
14 consumers in other ways relating to price. In a competitive market Property
15 Managers meet tenant demand by offering leases with a range of durations because
16 the Property Managers would be uncertain whether a single short-term offering to
17 each tenant—say, one year—would allow Property Managers to respond quickly
18 enough to changing economic conditions. Yet, the certainty that Yardi’s pricing
19 “transparency” brings to Property Managers—meaning accurate and timely
20 knowledge of what their competitors are doing—makes longer-term leases
21 unnecessary because the Property Managers know that Yardi will be able to track
22 changing pricing across their market in real time. Yardi Property Managers know
23 that, unlike in a competitive market, they will not be blindsided by sudden pricing
24 changes by their competitors.

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27 ³⁵ [https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-](https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-Group-Increases-Rent-Revenue-Yardi-RENTmaximizer)
28 [Group-Increases-Rent-Revenue-Yardi-RENTmaximizer.](https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-Group-Increases-Rent-Revenue-Yardi-RENTmaximizer)

1 95. Amanda Smeltzer, executive director at Property Manager Banyan
2 Living, succinctly articulated this dynamic. The certainty Yardi offered allowed
3 Banyan “to find structure and stability in our GPR, versus making our best guess at
4 what it should be.”³⁶ “GPR” is gross potential rent, meaning the hypothetical revenue
5 a Property Manager could earn if its units were fully rented throughout a particular
6 year at market rents. A Property Manager typically must estimate its GPR because
7 it does not know what its competitors will charge and on what terms. Coordination
8 enabled by Yardi based on its collection of the Property Managers’ information
9 eliminates those uncertainties, allowing Property Managers to calculate their GPR
10 precisely. This eliminates the need for Property Managers to offer more favorable
11 terms to renters.

12 96. For this reason, Banyan moved from offering renters a range of lease-
13 terms to offering only short-term leases that allowed Banyan to take advantage of
14 short-term price movements in a particular Apartment Market: “Prior to
15 RENTmaximizer, we hesitated to offer short-term leases. Now we confidently offer
16 them for both new and renewal leases. As a result, we’ve seen positive rent
17 growth.”³⁷ Leases typically restrict price increases during a lease-term, but by
18 forcing more frequent lease renewals, short-term leases allow Property Managers to
19 increase rents more frequently.

20 97. Moreover, Yardi’s admitted ability to restrict output—*i.e.*, limit the
21 availability of units to maintain artificially high lease prices—protects Property
22 Managers from the problems short-term leases might otherwise pose when real
23 estate markets are declining. As Yardi admits, Defendants’ unlawful price-fixing
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25

26 ³⁶ [https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-](https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-Rent-Growth-Yardi-RENTmaximizer)
27 [Achieves-Rent-Growth-Yardi-RENTmaximizer](https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-Rent-Growth-Yardi-RENTmaximizer).

28 ³⁷ *Id.*

1 scheme maintains occupancy rates by manipulating inventories of available units.
2 This maintains prices even in down real estate markets.

3 98. This goes a long way to explaining what has happened in the market
4 generally. BLS reports that leases of longer than one year have virtually disappeared.
5 Of all leases between January and June 2022, less than 9% were longer than one
6 year. And even one-year leases become less common the longer a tenant lives in an
7 Apartment. The BLS reports that of the tenants who lived in the same unit for five
8 or more years, only 49.7% had a twelve-month lease, while 50.3% had month-to-
9 month leases, meaning 0% (allowing for rounding) had leases for a period longer
10 than twelve months.

11 99. The reason for favoring these shorter lease durations and increasing
12 tenant churn is obvious: it allows Property Managers to increase rents more
13 frequently. The BLS reports that in the first half of 2022, the average percentage
14 change in rent was 12% for new tenants, but only 3.5% for renewing tenants (*i.e.*,
15 tenants who had a lease renewal within the previous six months).

16 100. Short-term leases are more profitable for Property Managers, and
17 Yardi-based price collusion has made short-term leases ubiquitous in Apartment
18 Markets around the country.

19 **IX. “PLUS FACTORS” EXCLUDE THE POSSIBILITY OF**
20 **INDEPENDENT ACTION**

21 101. Several so-called “Plus Factors” enhance the vivid picture of collusion
22 in Apartment Markets provided by the direct evidence of Yardi’s and the Property
23 Managers’ admissions and tend to exclude the possibility that Defendants’ actions
24 were independent and motivated by an intent to compete.

25 102. *First*, the Property Managers submit their competitively sensitive
26 pricing data to Yardi knowing that all the Property Managers are doing the same and
27 that Yardi will use that data to coordinate leasing prices among the Property
28

1 Managers. That is the very essence of the Yardi contract with Property Managers.
2 This coordination is inconsistent with independent action motivated by an intent to
3 compete, which would drive Property Managers to zealously protect this
4 competitively sensitive information from their competitors.

5 103. *Second*, the Property Managers' agreement not to compete on price
6 with the knowledge that prices will therefore be higher than they would be without
7 coordination is against their self-interest in a competitive market. Property Managers
8 acting independently and motivated to compete for renters would use *lower* prices
9 to entice renters and increase occupancy rates; that is the very essence of pricing in
10 a competitive market. Thus, the Property Managers' conduct in having Yardi
11 manage to *higher* prices is inconsistent with a conclusion that they are acting
12 independently to compete more effectively.

13 104. *Third*, Yardi actively creates and supports so-called User Groups made
14 up of Property Managers in Apartment Markets that Yardi uses as conduits for
15 refining and perfecting their unlawful collusion. Yardi's support of these User
16 Groups and the Property Managers' participation in them to further share
17 competitively sensitive information is inconsistent with the Property Managers
18 acting unilaterally in competition with each other and is powerful evidence that the
19 Defendants are coordinating and colluding, not competing.

20 105. Yardi currently supports User Groups in Arizona, Atlanta, Central and
21 South Texas, Chicago, Denver, Dallas, Hawaii, Minneapolis, Nebraska, Nevada,
22 New England, New York, North Carolina, the Pacific Northwest, San Francisco,
23 Toronto, and Washington, D.C.³⁸ Yardi has admitted that these User Groups
24 "facilitate the exchange of information" among Property Managers. According to
25
26

27 ³⁸ <https://web.archive.org/web/20230311055157/https://www.yardi.com/services/user->
28 [groups/](https://web.archive.org/web/20230311055157/https://www.yardi.com/services/user-groups/).

1 Yardi these User Groups “provide[] a professional forum to exchange experience
2 and ideas with peers”³⁹

3 106. To hide the activities and effects of these User Groups, Yardi does not
4 publish the identity of their members. Indeed, Yardi now hides the existence of the
5 User Groups. Both these actions are evidence of Yardi’s increasing awareness that
6 User Group activities and the consequences of those activities are anticompetitive
7 and unlawful.

8 107. Yardi also employs “independent consultants” to “access and use ...
9 Yardi software [such as RENTmaximizer] to perform implementation, training, and
10 other permitted consulting services.”⁴⁰ These independent consultants also organize
11 User Groups and User Group meetings⁴¹ to, among other things, facilitate the
12 exchange of information among Property Managers.

13 108. *Fourth*, the high barriers to entry in the Apartment Markets make it
14 easier for Defendants to form and maintain their unlawful conspiracy and their
15 unlawful price-fixing agreement. The Property Managers have little reason to worry
16 that an upstart competitor will upset their unlawful pricing scheme because the
17 barriers to entry discourage such competitors from entering the market. There are
18 two reasons for this. First, the Yardi/Property Manager price fixing raises the overall
19 market prices and therefore enables non-Yardi Property Managers also to raise their
20 prices; so they are also better off financially enjoying the benefits of that price fixing
21 than challenging it. Second, a true new entrant would have to construct or take over
22 enough units to have any effect on the price fixing, but once in the market would
23 instead choose to benefit from the scheme.

24
25 _____
26 ³⁹ *Id.*

27 ⁴⁰ <https://www.yardi.com/services/independent-consultants/#:~:text=Lynx%20Systems%20Inc.%20-%20US.>

28 ⁴¹ <https://lynxsystemsinc.com/event/dallas-user-group/>.

1 109. *Fifth*, the concentration among Property Managers creates
2 opportunities for further collusion and communication. Virtually all the Property
3 Manager Defendants manage Apartments in multiple markets across the country.
4 This substantial overlap of the Property Managers' operations allows them to
5 communicate efficiently and continuously about their unlawful pricing scheme
6 across multiple Apartment Markets. That opportunity to communicate is an
7 opportunity to collude, to coordinate their actions, and to police the terms of the
8 unlawful price-fixing scheme.

9 **X. MARKET DEFINITION AND YARDI'S MARKET POWER**

10 110. The relevant product market is the market in which Property Managers
11 use Yardi services: the leasing of what Yardi itself defines as Mid-Range and High-
12 End Apartments.

13 111. Yardi sets these segments apart on its website as distinct segments
14 within the multifamily residential space and it rates Apartments within these
15 segments from A+ to B-.⁴² Mid-Range Apartments cater to working professionals,
16 police officers, firefighters, teachers, and technical workers. High-End Apartments
17 cater to discretionary renters, such as households with more income but without
18 wealth and households capable of owning a residence, but who choose to rent.⁴³

19 112. Renters of these Apartments do not consider purchasing housing as a
20 reasonable substitute for renting Apartments primarily because of the down payment
21 needed to purchase long-term housing and the need to occupy the housing for a long
22 period of time to make the initial down payment economically worthwhile. In
23
24

25
26 ⁴² <https://www.yardi.com/About-Us/Our-Methods/How-We-Define-The-Apartment-Supply/Property-Ratings>.

27 ⁴³ <https://www.yardimatrix.com/About-Us/Our-Methods/How-We-Define-The-Apartment-Rental-Market>.
28

1 addition, renters of these Apartments value the convenience of renting housing over
2 the responsibility for maintaining that housing.

3 113. The relevant geographic markets are the individual markets within
4 which Property Managers compete for renters and is no larger than the Metropolitan
5 Statistical Areas (“MSAs”) as defined by the United States Bureau of Statistics,
6 within which Yardi provides its relevant services to Property Managers of Mid-
7 Range and High-End Apartments.

8 114. As Yardi has asserted in its marketing materials: (a) Each such
9 geographic market within which Property Managers compete for renters corresponds
10 to an MSA. Within each MSA the geographic market may be further defined within
11 a micro to a macro range. (b) At its smallest, the geographic market may be limited
12 to a radius extending from one to five miles surrounding a particular property.
13 (c) The geographic market may also be defined according to properties within a zip
14 code or combination of zip codes.⁴⁴

15 115. Yardi has market power within each of these Apartment Markets. The
16 direct evidence of this market power is Yardi’s admitted and proven ability to raise
17 price *and* restrict output. Yardi has admitted that it can increase rental prices within
18 these markets by 6% or more. Yardi also has admitted that it can manage a Property
19 Manager’s inventory to maximize the Property Manager’s revenue, even if that
20 means keeping units off the market to maintain the price of other units.

21 116. This ability to increase price *and* reduce output—factors that are
22 inversely related in a competitive market—is direct evidence of Defendants’ market
23 power and no further allegations regarding proxies for the Defendants’ market power
24 are necessary.

25

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28 ⁴⁴ *Id.*

1 117. In any event, Plaintiffs' allegations of the relevant markets and
2 Defendants' market power within those markets are sufficient even when analyzed
3 on the basis of indirect evidence. Yardi has admitted that Defendants can increase
4 lease prices by at least 6% without reducing occupancy rates. This admission satisfies
5 the so-called SSNIP test, which asks whether a monopolist may profitably impose a
6 hypothetical small, but significant, non-transitory increase in price (hence "SSNIP")
7 without causing a reduction in revenue that renders the increase unprofitable. The
8 SSNIP test normally assumes a hypothetical price increase of 5% and holds that if a
9 hypothetical price increase of 5% would be profitable, the plaintiff has defined the
10 market properly.

11 118. Here, the price increase is not hypothetical, but actual and admitted, and
12 is larger than 5%. Defendants have admitted that they have profitably increased lease
13 prices by at least 6%—*i.e.*, without decreasing occupancy rates that would make the
14 price increase unprofitable. Because Defendants have acknowledged that their 6%
15 price increases have not decreased revenues in a way that has rendered the increases
16 unprofitable, Plaintiffs' allegations satisfy the SSNIP test, and they have properly
17 defined the relevant market.

18 119. The fact that the Defendants' price increases are real and not
19 hypothetical and that they satisfy the SSNIP test is perhaps the single most significant
20 accomplishments of their illegal collusion: without changing ownership of any of the
21 Property Managers the Defendants have gained the market power and the resulting
22 pricing power that they could have accomplished otherwise only by a merger of all
23 the Property Managers. That merger would be unlawful because it would give the
24 merged Property Manager power to raise price 6%. It cannot then be lawful for the
25 Defendants to have accomplished by agreement—the simple but powerful agreement
26 to outsource their pricing to a single decision maker—what they would be prohibited
27 from accomplishing by merger.

1 120. What is more, Yardi has admitted that “its customers represent roughly
2 50% of the US multifamily market.”⁴⁵ Given that the multifamily market
3 encompasses far more than the Mid-Range and High-End segments to which
4 Plaintiffs’ market definition is limited, Yardi’s market share in the Apartment
5 Markets is far higher than 50%. This is more than sufficient to satisfy the minimum
6 market share required to suggest that the Defendants possess market power, if resort
7 to such indirect evidence is necessary. And when combined with Yardi’s admitted
8 power to raise price and reduce output, Plaintiffs’ market share allegation would be
9 sufficient to satisfy Plaintiffs’ initial burden of establishing their *prima facie* case.

10 **XI. CLASS ACTION ALLEGATIONS**

11 121. Pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2) and
12 23(b)(3), Plaintiffs bring this action for themselves and on behalf of the following
13 Class:

14 All persons or entities in the United States that leased Mid-Range or High-
15 End Apartment units, at any time beginning September 8, 2019, until the
16 anticompetitive acts end, from a Property Manager that entered the
conspiracy with Yardi to fix Apartment lease prices.

17 122. Plaintiffs and the members of the Class are seeking damages and an
18 injunction to remedy Defendants’ violations alleged herein.

19 123. The Class is readily ascertainable, and the members of the Class are
20 readily identifiable from information and records maintained by Defendants.

21 124. Members of the Class are so numerous that joinder of all members is
22 impracticable. The members of the Class are numerous and widely dispersed
23 throughout the United States.

24 125. Plaintiffs’ claims are typical of the claims of the members of the Class.
25 Within the Class, Plaintiffs’ interests are not antagonistic to the claims of the other
26

27 ⁴⁵ [https://resources.yardi.com/documents/pere-keynote-interview-creating-efficiency-](https://resources.yardi.com/documents/pere-keynote-interview-creating-efficiency-in-u-s-multifamily/)
28 [in-u-s-multifamily/](https://resources.yardi.com/documents/pere-keynote-interview-creating-efficiency-in-u-s-multifamily/).

1 members of the Class, and there are no material conflicts with any other members of
2 the Class that would make class certification inappropriate. Plaintiffs and all
3 members of the Class were damaged by the same wrongful conduct of Defendants.

4 126. Plaintiffs will fairly and adequately protect and represent the interests
5 of the members of the Class. The interests of the Plaintiffs are coincident with, and
6 not antagonistic to, those of the members of the Class.

7 127. Plaintiffs are represented by counsel (Competition Law Partners PLLC
8 and Don Bivens PLLC) who are experienced and competent in the legal issues
9 involved in this Complaint and in the prosecution of class action litigation.

10 128. Questions of law and fact common to the members of the Class
11 predominate over questions that may affect only individual Class members because
12 Defendants have acted on grounds generally applicable to the entirety of the Class,
13 thereby determining damages with respect to the Class as a whole is appropriate.
14 Such generally applicable conduct is inherent in Defendants' wrongful conduct.

15 129. There are legal and factual questions common to the Class, which do
16 not vary from Class member to Class member and which may be determined without
17 reference to individual circumstances of any Class member. These include, but are
18 not limited to, the following:

- 19 (a) Whether a Class member's Property Manager uses Yardi
20 RENTmaximizer;
- 21 (b) Whether a Class member's Property Manager has provided confidential
22 information, including price information, to Yardi;
- 23 (c) Whether a Class member's Property Manager has supplied detailed
24 information to Yardi regarding the apartment offerings of competitor
25 Property Managers that do not purchase software services from Yardi;
- 26 (d) Whether a Class member's Property Manager has given Yardi authority
27 to manage the pricing of the Property Manager's Apartments;
- 28

1 (e) Whether the conduct alleged herein violated Section 1 of the Sherman
2 Act, 15 U.S.C. § 1;

3 (f) Whether the Class is entitled to the injunctive relief sought.

4 130. Class action treatment is a superior method to other available methods
5 for the fair and efficient adjudication of the controversy. The prosecution of separate
6 actions by individual members of the Class would impose heavy burdens on the
7 courts and Defendants and would create a risk of inconsistent or varying
8 adjudications of the questions of law and fact common to the Class. Class action
9 treatment will permit many similarly situated persons or entities to prosecute their
10 common claims in a single forum simultaneously, efficiently, and without the
11 unnecessary duplication of evidence, effort, or expense that numerous individual
12 actions would engender, and would assure uniformity of decision as to persons
13 similarly situated without sacrificing procedural fairness or bringing about other
14 undesirable results. The benefits of proceeding through the class mechanism,
15 including providing injured persons or entities a method for obtaining redress on
16 claims that could not practicably be pursued individually, substantially outweigh any
17 potential difficulties in management of this class action.

18 131. Plaintiffs know of no special difficulty to be encountered in the
19 maintenance of this action that would preclude its maintenance as a class action.

20 **XII. CLAIMS FOR RELIEF**

21 **First Claim for Relief**

22 **(Conspiracy in Violation of Section 1 of the Sherman Act)**

23 **(On Behalf of the Class Against All Defendants)**

24 132. Plaintiffs incorporate by reference the preceding paragraphs of this
25 Complaint.

26 133. The Defendants conspired to unlawfully fix prices of the Property
27 Managers' leases in particular Apartment Markets. As part of this conspiracy, the
28

1 Property Managers agreed not to compete based on price. Defendants' unlawful
2 price-fixing agreement raises the rental prices tenants pay and eliminates price
3 competition among Property Managers.

4 134. This price-fixing conspiracy is a *per se* violation of Section 1 of the
5 Sherman Act, 15 U.S.C. § 1.

6 135. Plaintiffs and members of the Class were harmed and are being harmed
7 by Defendants' conduct because they were deprived and are being deprived of a
8 competitive market in which to obtain the leasing of Apartment units, and as a result
9 had to pay leasing fees that were and are unwarranted and unlawful.

10 136. Defendants' conduct was and is a substantial factor in causing
11 Plaintiffs' harm.

12 **Second Claim for Relief**

13 **(Unlawful Agreement in Violation of Section 1 of the Sherman Act)**

14 **(On Behalf of the Class Against All Defendants)**

15 137. Plaintiffs incorporate by reference the preceding paragraphs of this
16 Complaint.

17 138. The Defendants entered an unlawful price-fixing agreement. The
18 Property Managers provided Yardi with competitively sensitive price information,
19 which Yardi used to set prices among the Property Managers in particular Apartment
20 Markets. As part of the unlawful conspiracy, the Property Managers agreed not to
21 compete based on price. Defendants' unlawful agreement raises the rental prices
22 tenants pay and eliminates price competition among Property Managers.

23 139. The agreement is an unreasonable restraint of trade in violation of
24 Section 1, 15 U.S.C. § 1.

25 140. The purpose and effect of this agreement was to restrain competition in
26 Apartment Markets.

1 141. Plaintiffs and members of the Class were harmed and are being harmed
2 by Defendants' conduct because they were deprived and are being deprived of a
3 competitive market in which to obtain the leasing of Apartment units, and as a result
4 had to pay leasing fees that were and are unwarranted and unlawful.

5 142. There is no procompetitive justification for Defendants' unlawful
6 conduct. Even if, contrary to fact, there were assumed to be a procompetitive
7 justification, the unlawful conduct was not necessary to achieve any such
8 procompetitive purpose, which could have been realized by less restrictive alternatives,
9 and the anticompetitive effects of Defendants' conduct have far outweighed the
10 procompetitive benefits.

11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiffs seek the following relief:

- 13 a. An order declaring that Defendants have engaged in anticompetitive
14 conduct in violation of Section 1 of the Sherman Act;
- 15 b. An order declaring that this action may proceed as a class action on
16 behalf of the Class;
- 17 c. An injunction permanently enjoining and restraining Defendants from
18 continuing the unlawful conduct under Section 16 of the Clayton Act,
19 15 U.S.C. § 26;
- 20 d. A judgment awarding Plaintiffs actual damages trebled (*i.e.*, three times
21 the amount by which the Defendants' actions increased the rent
22 Plaintiffs paid), in an amount to be determined at trial;
- 23 e. A judgment awarding attorneys' fees and costs of suit;
- 24 f. A judgment awarding all available pre-judgment and post-judgment
25 interest, to the fullest extent available under law or equity; and
- 26 g. An order or judgment awarding such other further relief as allowed by
27 law.
28

JURY DEMAND

Plaintiffs request a trial by jury, pursuant to Rule 38(b) of the Federal Rules
of Civil Procedure.

Dated: August 19, 2024

/s/ Leiv Blad

Leiv Blad (Bar. No. 151353)

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